


**EXECUTIVE SECRETARIAT****Routing Slip**

TO:

|    |           | ACTION | INFO | DATE | INITIAL |
|----|-----------|--------|------|------|---------|
| 1  | DCI       |        |      |      |         |
| 2  | DDCI      |        |      |      |         |
| 3  | EXDIR     |        |      |      |         |
| 4  | D/ICS     |        |      |      |         |
| 5  | DDI       |        |      |      |         |
| 6  | DDA       |        | ✓    |      |         |
| 7  | DDO       |        |      |      |         |
| 8  | DDS&T     |        |      |      |         |
| 9  | Chm/NIC   |        |      |      |         |
| 10 | GC        |        |      |      |         |
| 11 | IG        |        |      |      |         |
| 12 | Compt     | ✓      |      |      |         |
| 13 | D/EEO     |        |      |      |         |
| 14 | D/Pers    |        |      |      |         |
| 15 | D/OEA     |        |      |      |         |
| 16 | C/PAD/OEA |        |      |      |         |
| 17 | SA/IA     |        |      |      |         |
| 18 | AO/DCI    |        |      |      |         |
| 19 | C/IPD/OIS |        |      |      |         |
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SUSPENSE \_\_\_\_\_ Date \_\_\_\_\_

Remarks:

  
 Executive Secretary

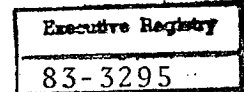
6/28/83

Date

3637 (10-81)



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503



M-83-19

June 21, 1983

## MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: David A. Stockman *DA*

SUBJECT: Reducing and Controlling Wasteful Year-End Spending

Prevention of waste and inefficiency in Federal programs is a top priority of this Administration. We must continue our efforts to eliminate wasteful year-end spending by Federal officials who obligate funds simply so that the funds will not be reported as unobligated or lapse at the end of the fiscal year. Furthermore, obligations should not be made without taking sufficient time to ensure reasonable cost and accountability. As we enter the final quarter of fiscal year 1983, please give special attention to preventing this potential problem in your agency. Your personal attention is necessary because the only effective way to eliminate this type of waste is vigorous management attention that is supported by strong audit, investigation, and enforcement programs.

I have asked the Administrator of the Office of Federal Procurement Policy to continue to assist you by providing updated guidance on ways to prevent specific types of wasteful year-end spending.

I ask that you issue instructions to your staff to ensure that:

- Employees have been advised of the standards of conduct as they apply to wasteful spending and the possible sanctions and penalties, and that they are apprised of how to report waste and fraud and the protections that are available for employees making such reports.
- Obligations for the fourth quarter of the fiscal year are no higher than the average for the first three quarters, except where seasonal requirements, essential program objectives, circumstances unique to this fiscal year, or lead-times justify a higher level.
- Orders for services, supplies, materials, and equipment are not more than needed to meet approved essential program objectives.



(Additional procurement guidance by the Administrator of the Office of Federal Procurement Policy is attached.)

- Administrative type expenses required to implement needed management reform shall proceed in a planned and deliberate manner. Computer systems shall not be purchased prematurely to obligate funds.
- Grants and other forms of Federal assistance are subjected to rigorous review, meet current priorities, are funded only in justified amounts, and are not made just to keep funds from lapsing or to keep them from being reported as unobligated.

Special attention should be paid to controlling the use of funds in areas that are particularly vulnerable to wasteful spending, e.g., travel, consulting and related services, periodicals, pamphlets and audiovisual products and other areas identified by assessments made pursuant to OMB's guidelines for implementing the Federal Managers' Financial Integrity Act and OMB Circular No. A-123 on Internal Controls.

Contracting officers, program managers, and policy officials who are responsible for initiating or reviewing procurement and grant actions should carry out their responsibilities in a way that assures compliance with this guidance.

We also ask that Inspectors General pay particular attention to year-end spending. Inspector General personnel, auditors, and legal counsel should consider noncompliance with the aforementioned requirements to be an indication of waste.

You should ask your Inspector General to conduct an assessment of the validity of a sample of the procurements awarded in the fourth quarter. Such an approach has had a valuable deterrent effect in the past. To the extent allowed by law or regulations, disciplinary action should be taken against executive officials and employees who waste public funds.

I count on your full cooperation and personal attention to save the taxpayers as much money as possible in support of the President's objectives.

Attachment